

**2019 ACA
INDIVIDUAL NON-MEDIGAP (INM) and SMALL GROUP (SG) MARKETS
PROPOSED HEALTH INSURANCE PREMIUMS IN CONTEXT**

**MARYLAND INSURANCE ADMINISTRATION (MIA)
OFFICE OF THE CHIEF ACTUARY (OCA)**

**PUBLIC RATE HEARING (2nd)
MONDAY, 09/17/18, 10 AM - 12 PM**

**Todd Switzer, A.S.A., M.A.A.A.
Chief Actuary**

**Brad Boban, A.S.A., M.A.A.A.
Senior Actuary**

**EXHIBIT 1: 2019 MARYLAND, ACA, INDIVIDUAL NON-MEDIGAP (INM) MARKET
RATE FILING SUMMARY**

	1	2	3	4	5	6	7	8	9	10	21	22	23	24	25	26	
			Actual	Actual				2018	05/01/18		09/14/18	09/14/18	vs.	vs.	Actual		
			Members	Members				Illustrative*	Filed		Filed	Filed	2018	Filed	Members		
	Legal	Coverage	On & Off	On & Off	Δ/	2018	Average	Monthly	2019	Δ/	Average	Monthly	Δ/	Δ/	On & Off	vs.	
	Entity	Type	Exchange	Exchange	Change	Market	Rate	Premium	Illustrative*	Change	Rate	Premium	Change	Change	Exchange	03/31/18	
			03/31/17	~02/28/18		Share	Increase		Monthly		Increase				Δ		
1	1	CareFirst BlueChoice, Inc.	HMO	158,835	123,188	-22%	58%	18.5%	\$465	\$546	\$81	-22.3%	\$361	(\$104)	-40.8%	109,368	-11.2%
2	2	CF GHMSI	PPO	9,860	5,666	-43%	3%	91.4%	\$686	\$1,344	\$658	17.7%	\$807	\$121	-73.7%	4,896	-13.6%
3	3	CF CFMI	PPO	14,550	9,215	-37%	4%	91.4%	\$686	\$1,344	\$658	17.7%	\$807	\$121	-73.7%	8,178	-11.3%
4	4	Kaiser	HMO	59,522	73,704	24%	35%	37.4%	\$373	\$518	\$144	-6.3%	\$350	(\$23)	-43.7%	69,837	-5.2%
7		TOTAL		243,420	211,773	-13%	100%	30.2%	\$449	\$592	\$143	-13.9%	\$389	(\$60)	-44.1%	192,279	-9.2%
8		SUBTOTAL (By Insurer)															
10	1	CareFirst		183,245	138,069	-25%	65%	26.4%	\$489	\$632	\$143	-18.0%	\$409	(\$79)	-44.3%	122,442	-11.3%
11	2	Kaiser		59,522	73,704	24%	35%	37.4%	\$373	\$518	\$144	-6.3%	\$350	(\$23)	-43.7%	69,837	-5.2%
13		TOTAL		243,420	211,773	-13%	100%	30.2%	\$449	\$592	\$143	-13.9%	\$389	(\$60)	-44.1%	192,279	-9.2%
14		SUBTOTAL (By Coverage Type)															
16	1	HMO/POS/EPO		219,010	196,892	-10%	93%	25.6%	\$431	\$535	\$104	-16.3%	\$357	(\$74)	-41.9%	179,205	-9.0%
17	2	PPO		24,410	14,881	-39%	7%	91.4%	\$686	\$1,344	\$658	17.7%	\$807	\$121	-73.7%	13,074	-12.1%
18		TOTAL		243,420	211,773	-13%	100%	30.2%	\$449	\$592	\$143	-13.9%	\$389	(\$60)	-44.1%	192,279	-9.2%
19																	
20		* Before any "Advance Premium Tax Credit" (APTC) subsidy, lowest-cost Silver plan, Off-Exchange, 40-year-old, male, non-smoker, residing in the Baltimore Metro area.															
21		Will not match overall increase since increases vary by metal.															
22																	
23		CF HMO/KP HMO:							1.245	1.054			1.033				
24		CF PPO/CF HMO:							1.475	2.462			2.234				
25		CF PPO/KP HMO:							1.837	2.595			2.307				
26																	

**EXHIBIT 2: 2019 MARYLAND, ACA, SMALL GROUP (SG) MARKET
RATE FILING SUMMARY**

	1	2	3	4	5	6	11	14	15	32	34	35	38	39
SMALL GROUPS			Actual	Actual			05/01/18		Filed	09/14/18	2019	09/14/18	Actual	
			Members	Members		2018	Average	1Q18	1Q19	Average	09/14/18	Filed	Members	
			On & Off	On & Off	Δ/	Share	Rate	Illustrative*	Illustrative*	Rate	vs.	1Q19	On & Off	vs.
		Legal	Exchange	Exchange	Change		Increase	Monthly	Monthly	Increase	Orig. Filed	Monthly	Exchange	03/31/18
		Entity	Type	03/31/17	~02/28/18			Premium	Premium		Δ	Premium	6/30/2018	Δ
1	1	CareFirst BlueChoice, Inc.	HMO	144,696	158,001	9%	59%	4.9%	\$317	\$335	5.0%	\$335	160,705	1.7%
2	2	CF GHMSI	PPO	18,092	15,455	-15%	6%	3.8%	\$398	\$411	-0.7%	\$411	15,064	-2.5%
3	3	CF CFMI	PPO	7,041	7,239	3%	3%	3.8%	\$398	\$411	-0.7%	\$411	7,332	1.3%
4	4	Kaiser	HMO	7,618	9,243	21%	3%	3.3%	\$243	\$252	3.2%	\$252	9,345	1.1%
5	5	Aetna Health, Inc.	HMO	3,939	3,034	-23%	1%	10.7%	\$423	\$448	3.3%	\$426	3,383	11.5%
6	6	Aetna Life Insurance Co.	PPO	5,731	3,417	-40%	1%	8.7%	\$432	\$472	3.0%	\$453	4,752	39.1%
7	7	United Healthcare of the Mid-Atlantic	HMO	4,408	5,442	23%	2%	9.5%	\$249	\$277	6.3%	\$271	5,565	2.3%
8	8	United Healthcare (Optimum Choice)	HMO	11,437	18,223	59%	7%	14.9%	\$277	\$304	6.4%	\$283	18,381	0.9%
9	9	United Healthcare (MAMSI)	EPO	15,650	22,875	46%	9%	12.0%	\$304	\$315	5.6%	\$300	22,596	-1.2%
10	10	United Healthcare Insurance Co.	PPO	18,693	22,780	22%	9%	13.3%	\$308	\$339	10.6%	\$334	23,144	1.6%
12		TOTAL		256,908	265,709	3%	100%	7.0%	\$318	\$337	5.1%	\$333	270,267	1.7%
14		SUBTOTAL (By Insurer)												
15	1	CareFirst		169,829	180,695	6%	68%	4.8%	\$328	\$345	4.3%	\$345	183,101	1.3%
16	2	Aetna		9,670	6,451	-33%	2%	9.6%	\$428	\$461	3.1%	\$440	8,135	26.1%
17	3	Kaiser		7,618	9,243	21%	3%	3.3%	\$243	\$252	3.2%	\$252	9,345	1.1%
18	4	UnitedHealthcare (UHC)		50,188	69,320	38%	26%	13.0%	\$294	\$317	7.5%	\$304	69,686	0.5%
20		TOTAL		256,908	265,709	3%	100%	7.0%	\$318	\$337	5.1%	\$333	270,267	1.7%
22		SUBTOTAL (By Coverage Type)												
23	1	HMO		191,701	193,943	1%	73%	6.0%	\$310	\$328	5.1%	\$326	197,379	1.8%
24	2	EPO		15,650	22,875	46%	9%	12.0%	\$304	\$315	5.6%	\$300	22,596	-1.2%
25	3	PPO		49,557	48,891	-1%	18%	8.6%	\$358	\$382	4.8%	\$378	50,292	2.9%
26		TOTAL		256,908	265,709	3%	100%	7.0%	\$318	\$337	5.1%	\$333	270,267	1.7%

* Before any employer contributions, lowest-cost Silver plan, Off Exchange, 40-year-old, male, non-smoker, residing in the Baltimore Metro area. Will not match overall increase since increases vary by metal.

30	CF HMO/KP HMO:	1.307	1.328	1.330
31	CF PPO/CF HMO:	1.252	1.228	1.228
32	CF PPO/KP HMO:	1.637	1.631	1.633
34	Aetna PPO/Aetna HMO:	1.021	1.052	1.063
36	UHC PPO/UHC HMO:	1.238	1.224	1.232
37	UHC HMO OCI/UHC HMO MA:	1.111	1.096	1.044
39	High/Low Spread:	1.778	1.871	1.798

2019 ACAs
HEARING 09/17/18
OCA-RATE REVIEW-ACA-INDIVIDUAL NON-MEDIGAP & SMALL GROUPS

1	2	3	4
	INDIVIDUAL NON-MEDIGAP FILED		
	<u>Assumptions</u>	<u>Average</u>	<u>Low</u> <u>High</u>
1	Morbidity - 2017 to 2019	1.406	1.103 2.133
2	Risk Adjustment \$\$s (Zero Sum)	\$104	+/- \$55M to \$159M
3	Trend	8.0%	5.3% 9.5%
4	Contribution to Reserve/Profit	2.7%	2.0% 5.0%
5	Administrative Costs PMPM	\$66	\$35 \$108
6	Broker Costs PMPM	\$6	\$4 \$7
7	Projected Traditional Loss Ratio	83.4%	82.0% 86.6%
8	Projected NAIC Minimum Loss Ratio	87.4%	86.4% 90.9%
9	2019 Renewal (Pre-1332)	30.2%	
10	2019 Renewal (Post-1332)		
11			
12	SMALL GROUPS FILED		
13			
14			
15	<u>Assumptions</u>	<u>Average</u>	<u>Low</u> <u>High</u>
16	Morbidity - 2017 to 2019	1.007	1.000 1.129
17	Risk Adjustment \$\$s (Zero Sum)	\$24	Net + \$24M
18	Trend	7.8%	3.6% 10.9%
19	Contribution to Reserve/Profit	1.7%	0.0% 6.0%
20	Administrative Costs PMPM	\$60	\$42 \$73
21	Broker Costs PMPM	\$26	\$3 \$30
22	Projected Traditional Loss Ratio	76.2%	75.6% 79.8%
23	Projected NAIC Minimum Loss Ratio	80.5%	80.0% 85.5%
24	2019 Renewal	7.0%	

2019 ACA - INM & SG - FILED 09/14/18 RENEWALS X METAL

1	INM	KP	CF	CF
2		<u>HMO</u>	<u>HMO</u>	<u>PPO</u>
3	Young Adult	-5.0%	-35.0%	
4	Bronze	-3.2%	-24.3%	22.0%
5	Silver	-6.1%	-20.0%	18.7%
6	Gold	-8.2%	-20.7%	15.5%
7	Platinum	-8.1%		
8	TOTAL	-6.3%	-22.3%	17.7%

10	SG					UHC	UHC	UHC	UHC
11						MidAtlantic	Optimum		
12		KP	CF	CF	Aetna	Aetna	Narrow	Choice	MAMSI
13		<u>HMO</u>	<u>HMO</u>	<u>PPO</u>	<u>HMO</u>	<u>PPO</u>	<u>HMO</u>	<u>HMO</u>	<u>EPO</u>
14	Young Adult	N/A							
15	Bronze	3.3%	6.5%	-0.1%	2.3%	-3.0%	9.6%	5.0%	6.7%
16	Silver	2.3%	5.7%	0.2%	-0.7%	3.3%	6.1%	3.6%	3.3%
17	Gold	3.6%	2.6%	-1.9%	16.7%	9.3%	4.5%	2.1%	3.0%
18	Platinum	3.8%	1.4%	-1.4%				13.2%	13.0%
19	TOTAL	3.2%	5.0%	-0.7%	3.3%	3.0%	6.3%	6.4%	5.6%
									10.6%

**INDIVIDUAL NON-MEDIGAP, ACA MARKET
ENROLLMENT - MEMBERS and CONTRACTS**

Bought Up (12%)

Free Bronze? (11%)

1	2	3	4	5	6	7	8	9	10	11	12
ACTUAL MEMBERS 03/31/18											
		Federal AV	FPL Threshold	2019 FPL	APTC Eligibility	CSR Eligibility	On APTC	On Non-APTC	Off Non-APTC	On & Off TOTAL	%
	Catastrophic/Young Adult	57%				?	2	2,814	4,869	7,685	4%
	Bronze	60%					21,602	9,006	20,101	50,709	25%
	Silver* Base Plan	70%	401%+	\$48,560	No APTC	?	1,439	1,831	23,147	26,417	13%
		70%	251-400%	\$30,350	APTC		5,642	0	0	5,642	3%
		73%	201-250%	\$24,280	APTC	CSR	8,294	18	0	8,312	4%
		87%	151-200%	\$18,210	APTC	CSR	25,890	25	0	25,915	13%
		94%	100-150%	\$12,140	APTC	CSR	34,269	24	0	34,293	17%
	Silver Subtotal						75,534	1,898	23,147	100,579	50%
	Gold	80%					23,194	5,769	13,204	42,167	21%
	Platinum	90%					691	378	730	1,799	1%
	TOTAL						121,023	19,865	62,051	202,939	100%

16	ACTUAL CONTRACTS 03/31/18											
		Federal AV	FPL Threshold	2019 FPL	APTC Eligibility	CSR Eligibility	On APTC	On Non-APTC	Off Non-APTC	On & Off TOTAL	%	
	Catastrophic/Young Adult	57%				?	2	2,697	4,628	7,327	5%	
	Bronze	60%					14,956	6,092	12,424	33,472	23%	
	Silver* Base Plan	70%	401%+	\$48,560	No APTC	?	1,124	1,352	14,309	16,785	12%	
		70%	251-400%	\$30,350	APTC		3,844	0	0	3,844	3%	
		73%	201-250%	\$24,280	APTC	CSR	6,104	12	0	6,116	4%	
		87%	151-200%	\$18,210	APTC	CSR	19,301	18	0	19,319	13%	
		94%	100-150%	\$12,140	APTC	CSR	27,113	17	0	27,130	19%	
	Silver Subtotal						57,486	1,399	14,309	73,194	51%	
	Gold	80%					15,960	3,954	8,431	28,345	20%	
	Platinum	90%					513	283	482	1,278	1%	
	TOTAL						88,917	14,425	40,274	143,616	100%	

2019 ACA INM PORTFOLIO

1	2	3	4	5	6	7	8				9				12	13	14	15	20	21	22	23	24	25	26	27							
							Approved 2018 Benefits				Initially Filed 2019 Benefits																Age 21	Age 21	Age 21	Age 21	Age 21	Age 21	Age 21
							Actual Members 02/28/18	Actual Members 02/28/18	Actual Members 02/28/18	%	Medical Deductible	Rx Deductible	OOB Max	AV													Medical Deductible	Rx Deductible	OOB Max	AV	Premium ON	Premium OFF	Premium ON&OFF
	Metal	Company	Coverage																														
1	Catastrophic/Young Adult	CF	HMO	2,817	4,952	7,769	4%	\$7,350	N/A	\$7,350	61.3%	\$7,900	N/A	\$7,900	61.1%																		
2		Optimum	HMO					N/A	N/A	N/A	N/A																						
3		Kaiser	HMO	221	55	276	0%	\$7,350	N/A	\$7,350	61.3%	\$7,900	N/A	\$7,900	61.1%																		
4	Bronze	CF	HMO	17,900	16,699	34,599	16%	\$6,550	N/A	\$6,550	60.5%	\$7,900	N/A	\$7,900	58.5%																		
5	60% (-4% / +2% (+5%))	CF	PPO	925	2,306	3,231	2%	\$6,550	N/A	\$6,550	60.5%	\$7,900	N/A	\$7,900	58.5%																		
6		Optimum	HMO					N/A	N/A	N/A	N/A																						
7		Kaiser	HMO					\$6,500	N/A	\$7,350	60.5%	N/A	N/A	N/A	N/A																		
8		Kaiser	HMO	10,974	2,743	13,717	6%	\$6,200	N/A	\$6,550	60.6%	\$6,200	N/A	\$6,550	61.8%																		
9		Kaiser	HMO	1,368	342	1,710	1%	\$5,500	\$1,000	\$7,350	62.7%	\$6,000	N/A	\$7,900	61.2%																		
10	Silver	Kaiser	HMO	28,602	1,192	29,794	14%	\$6,000	\$750	\$7,350	67.2%	\$6,000	\$750	\$7,900	67.7%	\$342	\$292	\$340						\$320	\$276	\$318							
11	70% (-4% / +2%)	CF	HMO	31,645	20,828	52,473	25%	\$3,500	\$250	\$7,350	70.7%	\$3,000	N/A	\$6,650	66.3%	\$437	\$364	\$408						\$358	\$280	\$327							
12		CF	PPO	2,046	2,213	4,259	2%	\$3,500	\$250	\$7,350	70.7%	\$3,000	N/A	\$6,650	66.3%	\$617	\$537	\$575						\$719	\$649	\$683							
13		Optimum	HMO					N/A	N/A	N/A	N/A																						
14		Kaiser	HMO					\$3,000	\$750	\$7,350	70.5%	N/A	N/A	N/A	N/A	\$366	\$313																
15		Kaiser	HMO	13,206	551	13,757	6%	\$2,750	N/A	\$5,000	70.0%	\$3,200	N/A	\$6,000	68.5%	\$357	\$306	\$355						\$332	\$287	\$330							
16		Kaiser	HMO	1,977	82	2,059	1%	\$2,000	\$750	\$7,350	71.8%	\$2,500	\$750	\$7,750	71.9%	\$374	\$320	\$372						\$348	\$300	\$346							
17	Gold	Kaiser	HMO	1,584	396	1,980	1%	\$1,500	\$200	\$6,850	76.8%	\$1,500	\$200	\$6,850	77.3%																		
18	80% (-4% / +2%)	CF	HMO	20,193	8,153	28,346	13%	\$1,000	\$150	\$6,500	78.5%	\$1,750	\$150	\$6,650	77.9%																		
19		CF	PPO	2,638	4,753	7,391	3%	\$1,000	\$150	\$6,500	78.5%	\$1,750	\$150	\$6,650	77.9%																		
20		Optimum	HMO					N/A	N/A	N/A	N/A																						
21		Kaiser	HMO	2,375	594	2,969	1%	\$1,000	\$0	\$6,850	79.0%	\$1,000	\$0	\$6,850	79.5%																		
22		Kaiser	HMO	4,527	1,132	5,659	3%	\$0	\$0	\$6,850	81.3%	\$0	\$0	\$6,850	81.5%																		
23	Platinum (90%)	Kaiser	HMO	1,427	357	1,784	1%	\$0	\$0	\$4,000	88.3%	\$0	\$0	\$4,000	88.8%																		
24	TOTAL			144,425	67,348	211,773	100%	\$4,072	\$329	\$6,806	69.2%	\$4,365	\$371	\$7,056	67.6%	\$405	\$342	\$365									\$319						
25				68%	32%	100%																											
26																																	
27	SLCSP (CFI+KP (85%))	Kaiser	HMO																														
28	SLCSP (CFI Only (15%))	CF	PPO																														
29	Δ																																
30																																	
31	Young Adult			3,038	5,007	8,045	4%	\$7,350	N/A	\$7,350	61.3%	\$7,900	N/A	\$7,900	61.1%												\$115						
32	Bronze			31,167	22,090	53,257	25%	\$6,426	\$1,000	\$6,576	60.6%	\$7,401	N/A	\$7,552	59.5%												\$253						
33	Silver			77,476	24,866	102,342	48%	\$4,097	\$430	\$7,034	69.6%	\$3,890	\$750	\$6,949	67.1%	\$405	\$342	\$387									\$340						
34	Gold			31,317	15,028	46,345	22%	\$899	\$124	\$6,580	78.8%	\$1,478	\$124	\$6,696	78.4%												\$382						
35	Platinum			1,427	357	1,784	1%	\$0	\$0	\$4,000	88.3%	\$0	\$0	\$4,000	88.8%												\$378						
36	TOTAL			144,425	67,348	211,773	100%	\$4,072	\$328.98	\$6,806	69.2%	\$4,365	\$371	\$7,056	67.6%	\$405	\$342	\$365									\$319						
37																																	
38	KP HMO			66,261	7,444	73,705	35%	\$4,384	\$566	\$6,609	68.8%	\$4,496	\$549	\$7,044	69.0%	\$348	\$297	\$329									\$308						
39	CF HMO			72,555	50,632	123,187	58%	\$4,024	\$215	\$6,930	69.0%	\$4,398	\$150	\$7,080	66.5%	\$437	\$364	\$363									\$285						
40	CF PPO			5,609	9,272	14,881	7%	\$2,921	\$187	\$6,754	72.4%	\$3,443	\$150	\$6,921	70.4%	\$617	\$537	\$562									\$661						
41	TOTAL			144,425	67,348	211,773	100%	\$4,072	\$328.98	\$6,806	69.2%	\$4,365	\$371	\$7,056	67.6%	\$405	\$342	\$365									\$319						
42																																	
43	CFI			78,164	59,904	138,068	65%	\$3,905	\$212	\$6,911	69%	\$4,295	\$150	\$7,063	67%	\$456	\$383	\$384									\$325						

**2019 ACA - 2nd HEARING - MON., 09/17/18
CLOSING**

1 Silver: 2019 Filed On-Exchange Rates Are 11% - 28% Higher Than Silver-Off (2018 = 15% - 20%)

2 Final Reinsurance Dampening Factor Changed from 0.835 to 0.800 (~\$4M More)

3 Anticipated Reinsurance Premium Impacts x Insurer (-30%)	CF HMO	-29%	
	CF PPO	-40%	
	KP HMO	-28%	
	TOTAL	-30%	

4 Neighboring Renewals		<u>Virginia</u>	<u>D.C.*</u>	<u>MD *</u>
2019 Approved Renewals	INM	HMO		-16.3%
		PPO		17.7%
	TOTAL	14.0%	15.7%	-13.9%
	SG	HMO		5.1%
		PPO		4.8%
	TOTAL	6.5%	5.6%	5.1%

* Filed. Not yet approved.

5 About 60% of the INM Pool Has APTCs
 When Premiums Come Down, So Do the APTC Subsidies (This Generates Federal Pass-Through \$s)
 Most APTC Members Are At ~150% FPL or \$18,210 (2019 Individual)
 For the Regions Where Both CFI & KP Are Present (85% of Population), KP May See A Rate Increase
 Current Premiums Range from \$0 to \$42 per Month
 The Increase Is Estimated Between \$2 - \$5 per Month but Could Be High %s
This is Estimated to Impact ~29% of the Pool or ~58,000 Members

6 Open Enrollment Begins in 7 weeks on Thursday, 11/01/18